

PAY EQUITY

Despite making great strides in the last 40 years, the issue of unequal wages continues to undermine women's economic equality. Currently, full-time female employees with a high school degree lose \$700,000 over their lifetime due to the wage gap.¹ Unfortunately, the gap only widens with each subsequent level of education. For instance, women with a bachelor's degree lose \$1.2 million over their lifetimes while women with graduate degrees lose \$2 million.² As a result, these financial losses impact a woman's immediate and future goals, everything from whether she can attend college, buy a house or live comfortably in retirement.

Pay equity, on the other hand, would resolve these problems. Pay equity is a method that would eliminate "discrimination in the wage-setting system" because it would force employers to implement a gender- and race-neutral criterion for setting wages.³ Advocates of pay equity defined the concept of comparable worth to combat the effects of women's segregation into "pink-collar" jobs. The idea of comparable worth argues that if men and women have comparable skills, training, effort and responsibility on their jobs, even if the two genders are employed in different occupations, they should be equally compensated for equivalent work.⁴ Ideally, if the wages for "pink-collar" jobs rose, advocates argue that sex-segregation would decrease as men sought out higher wages in traditionally "female" occupations.

REBUTTAL OF OPPONENTS' CRITICISM OF PAY EQUITY

Some opponents of pay equity argue that the process will cut into companies' profits, thereby disrupting the economy. However, the case study of Minnesota shows that this has not proven to be the

¹ Murphy, Evelyn. *Getting Even: Why Women Don't Get Paid Like Men and What to Do About It*. New York City: Simon and Schuster, 2005. 26. Print.

² Ibid.

³ "Questions and Answers on Pay Equity." *National Committee on Pay Equity*. 19 November 2009. Web. 30 December 2009. <http://www.pay-equity.org/info-Q&A.html>.

⁴ Gertzog, Irwin, and Cynthia Poe. "Comparable Worth." *Dictionary of American History*. Gale Cengage Learning, 2003. Web. <<http://www.encyclopedia.com/doc/1G2-3401800964.html>>.

case. In 1982, the Minnesota state legislature passed pay equity legislation for the state's employees.⁵ Over a four-year period, 30,000 state employees received raises. Despite unwarranted fears from fiscal conservatives, the cost of the raises to the state of Minnesota was less than 1% of its payroll budget per year, totaling 3.7% over a four-year period.⁶

THE WAGE GAP IN THE UNITED STATES

Between the years 2007-2008, the wage gap between men and women slightly widened to 77% from 78%.⁷ If one compares the median earnings of full-time, non-seasonal employees, women earned \$35,745 while men earned \$46,367.⁸ Even more disappointing were the earnings of women of color. African American women earned only 67.9% of men's wages, which translates to \$31,489.⁹ Latinas earned 58% of men's wages at \$26,846.¹⁰ The one hopeful note was Asian American women's earnings. This group earned 91% of men's wages at \$42,215.

THE WAGE GAP IN MASSACHUSETTS

Overall, the Institute for Women's Policy Research ranked Massachusetts third in the nation as the best state for women economically in 2006. This ranking could be due to the fact that the state has a strong public sector, many health centers and financial services that create a "more favorable economic environment for women."¹¹ Therefore, women in Massachusetts have higher wages compared to the rest of the country, closing the wage gap by 1.1%.¹² For women of all educational levels, female employees who worked in non-seasonal, full-time occupations earned \$41,700 a year, which is 79% of men's

⁵ "History of the Struggle for Fair Pay." *National Committee on Pay Equity*. 19 November 2009. Web. 30 December 2009. <http://www.pay-equity.org/info-history.html>.

⁶ "Questions and Answers on Pay Equity." *National Committee on Pay Equity*. 19 November 2009. Web. 30 December 2009. <http://www.pay-equity.org/info-Q&A.html>.

⁷ "The Gender Wage Gap: 2008." *Institute of Women's Policy Research*. September 2009. Web. 31 December 2009. <http://www.iwpr.org/pdf/C350.pdf>.

⁸ *National Committee on Pay Equity*. 19 November 2009. Web. 30 December 2009. <http://www.pay-equity.org/index.html>.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Hartmann, Heidi. "The Best and Worst State Economies for Women." December 2006. Institute for Women's Policy Research, Web. 30 December 2009. http://www.iwpr.org/pdf/R334_BWStateEconomies2006.pdf.

¹² Ibid.

wages.¹³ For college educated women, non-seasonal, full-time female employees earn \$56,700 a year, which is 70% of their male counterparts' wages.¹⁴ Moreover, 39.7% of women in Massachusetts occupy managerial and professional positions.¹⁵

WHY DOES THE WAGE GAP EXIST?¹⁶

- 1) Historical discrimination: During the Industrial Revolution, women were recruited for certain occupations, since companies could pay them lower wages than male employees. Sexist attitudes promulgated the notion that farm girls worked for "pin money" until they could marry, while men worked to support their family. This idea still affects women today, especially in male-dominated occupations.

Although some may argue that the wage gap simply occurs after women have children, a study released by the American Association of University Women (AAUW) determined that the wage gap emerges within one year after graduation, even when women worked full-time in the same field as their male counterparts. In fact, recent female graduates only earn 80% of recent male graduate's wages, controlling for hours worked, occupation, and parenthood.¹⁷ This discrimination creates a situation where women from highly selective colleges earn the equivalent of men from minimally selective colleges, despite graduating with the same experience level as their male counterparts. These findings are intriguing as the AAUW found

¹³ "Breaking Through Barriers." *American Association of University Women*. Web. 30 December 2009. <http://www.aauw.org/research/statedata/upload/table_data.pdf>.

¹⁴ Ibid.

¹⁵ Hartmann, Heidi. "The Best and Worst State Economies for Women." December 2006. Institute for Women's Policy Research, Web. 30 December 2009. <http://www.iwpr.org/pdf/R334_BWStateEconomies2006.pdf>.

¹⁶ Leber, Michele. "Opposing view: Old attitudes die hard." *USA Today* 06 June 2008: 1-2. Web. 30 December 2009. <<http://blogs.usatoday.com/oped/2008/06/opposing-view-o.html?loc=interstitialskip>>.

¹⁷ Goldberg Dey, Judy. "Behind the Pay Gap." *American Association of University Women* (2007). Web. 30 December 2009. <<http://www.aauw.org/research/upload/behindPayGap.pdf>>.

that “women outperform men in school, earning slightly higher GPAs than men in every college major, including science and mathematics.”¹⁸

- 2) “Sticky floor” and “glass ceiling” effects: Women are confronted with two hurdles in the workforce. In a sticky floor situation, women have a more difficult time advancing within the company’s hierarchy, despite their qualifications. On the other hand, the “glass ceiling” prevents women from being paid commensurate with their experience once they attain higher-level positions.
- 3) Occupational segregation: Over time, women have become clustered into a small number of occupations, which pay less due to custom and socialization.
- 4) Women’s failure to negotiate equitable salaries: According to Pallavi Gogoi, a finance correspondent for Business Week magazine, women do not perceive job offers as the beginning of a relationship with the firm, in which both partners give and take.¹⁹ Rather, he argues that women view a job offer as a goal, so they are more reluctant to negotiate an equitable salary.

INCORRECT CLAIMS THAT ATTEMPT TO EXPLAIN THE WAGE GAP

- 1) Critics of pay equity argue that women choose different majors than men, such as psychology and education, which typically pay less than male-dominated majors.
 - False. Even in a mixed-gender major, such as Biology, female graduates only earn about 76% of their male counterparts’ wages.²⁰
- 2) Pay equity critics argue that women choose different occupations than men, so they can have enough flexibility to care for their children.²¹
 - False. “Pink-collar” jobs do not offer more flexibility than male-dominated or mixed-gender occupations. Women are paid less in “pink-collar” jobs because companies do not value

¹⁸ Ibid.

¹⁹ Gogoi, Pallavi. "For Women, A Failure to Negotiate." *Business Week* (2005). Web. 5 January 2010.
<http://www.businessweek.com/smallbiz/content/apr2005/sb20050422_9508_sb013.htm?chan=search>.

²⁰ Goldberg Dey, Judy. "Behind the Pay Gap." *American Association of University Women* (2007). Web. 30 December 2009.
<<http://www.aauw.org/research/upload/behindPayGap.pdf>>.

²¹ "Our view on pay equity: Why women earn less." *USA Today.com* 06 June 2008. Web. 31 December 2009.
<<http://blogs.usatoday.com/oped/2008/06/our-view-on-pay.html#more>>.

these jobs in the same manner as male-dominated occupations, despite having the same score on job evaluation systems.²² In fact, studies have demonstrated that as more women and minorities dominate an occupation, the wages plummet more.

CURRENT LAWS PROTECTING PAY EQUITY

The Civil Rights Movement positively impacted the legal status of pay equity. In 1963, Congress passed the Equal Pay Act to “prohibit unequal pay for equal or ‘substantially equal’ work performed by men and women.”²³ In the same decade, Congress established Title VII of the Civil Rights Act of 1964, which “prohibits wage discrimination on the basis of race, color, sex, religion or national origin.”²⁴ Later on, the Supreme Court upheld Title VII’s broader definition of wage discrimination prohibition in 1981, “even when the jobs were NOT identical.”²⁵

PENDING FEDERAL LEGISLATION

The Fair Pay Act (S. 904/ H.R. 2151)

This bill would eliminate wage discrimination against employees who work in “pink-collar” or minority-dominated jobs. If an employee performs equivalent work in value to the company, he or she would receive equal pay comparable to a male-dominated field. One caveat of the bill does make “exceptions for different wages based on seniority, merit, quantity or quality of work.”²⁶

The Paycheck Fairness Act (S. 182/ H.R. 12)

To encourage women to claim their rights, the Paycheck Fairness Act would prohibit companies from punishing workers who share their salary information with others. Hence, women would be able to learn about wage discrimination at their workplace. Moreover, the bill would amend the Equal Pay Act

²² "Handling the Arguments Against Pay Equity." *National Committee on Pay Equity*. April 2006. Web. 31 December 2009. <<http://pay-equity.org/info-opposition.html>>.

²³ "Questions and Answers on Pay Equity." *National Committee on Pay Equity*. 19 November 2009. Web. 30 December 2009. <http://www.pay-equity.org/info-Q&A.html>.

²⁴ Ibid.

²⁵ Ibid.

²⁶ *National Committee on Pay Equity*. 19 November 2009. Web. 30 December 2009. <<http://www.pay-equity.org/index.html>>.

of 1963 to allow plaintiffs to “recover compensatory and punitive damages.”²⁷ Because an EPA lawsuit would “proceed as a class action,” relief [would] be provided to all those who are injured by the unlawful practice.”²⁸ After a class action suit moved forward, the EEOC would be obligated to conduct a study and then propose guidelines for employers regarding occupational evaluations to eliminate wage discrimination. Although the House passed the bill on Jan. 9, 2009, the Senate is still waiting to take action on the bill.²⁹

RESOURCES

Smart About Money: <http://www.smartaboutmoney.org>

Sponsored by the National Endowment for Financial Education, this site offers information about starting off right; how to deal with emergencies; economic survival tips; how to plan for major life events, and how to plan for a major purchase.

Understanding Your Retirement Paycheck: <http://www.decumulation.org>

Sponsored by the National Endowment for Financial Education, this site offers retirees information to maximize their retirement paychecks. Articles offer advice about what age to retire at; how to manage your savings once you retire; mortgage information; medical insurance information and how to avoid fraud.

The WAGE Project: <http://www.wageproject.org/>

This company offers four different salary negotiation workshops for women at all stages in their career. It also offers resources to calculate the worth of one’s occupation.

Women’s Institute for Financial Education: <http://www.wife.org/>

²⁷ "Congress Must Act to Close the Wage Gap for Women." *National Committee on Pay Equity*. April 2008. National Women's Law Center, Web. 31 December 2009. <http://pay-equity.org/PDFs/PayEquityFactSheet_May2008.pdf>.

²⁸ Ibid.

²⁹ *National Committee on Pay Equity*. 19 November 2009. Web. 30 December 2009. <<http://www.pay-equity.org/index.html>>.

This organization is the oldest non-profit firm that provides financial education for women in order to achieve financial independence. It contains web documents about budgeting, saving, divorce, widowhood, taxes, retirement and how to teach your children to be savvy with their finances.

WiSe Up: <http://wiseupwomen.tamu.edu/>

Promoted by the Women's Bureau of the US Department of Labor, WiSe Up offers a free, eight module financial literacy course for Generations X and Y women. Some of the topics included are how to safely build credit; the basics of saving and investing and how to plan for retirement.

My Money: <http://www.mymoney.gov/>

Offered by the US Financial Literacy and Education Commission, this website offers information about budgeting, taxes, financial planning, avoiding scams, paying for higher education, retirement planning and how to start a small business.

Flex Options: <http://www.we-inc.org/flex.cfm>

Sponsored by the Women's Bureau of the US Department of Labor, Flex Options works with business owners to create employment flexibility policies, such as peer mentoring, networking, national teleconferences, discussion groups and flexibility workshops. If companies become more flexible, they would be able to offer employees more options during economic downturns, rather than lay off many workers.

LINKS TO RELATED SITES

American Association for University Women: <http://www.aauw.org>

Institute for Women's Policy Research: <http://www.iwpr.org>

Murphy, Evelyn. *Getting Even: Why Women Don't Get Paid Like Men and What to Do About It*. New York City: Simon and Schuster, 2005.

National Committee on Pay Equity: <http://www.pay-equity.org/index.html>

National Organization for Women: <http://www.now.org>